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SUBJECT: DRUGS AND DOWNTURN ON THE BORDER

REF: A. MEXICO CITY 3018

[1](#)B. CIUDAD JUAREZ FORTHCOMING

[1](#)C. TIJUANA 685

[1](#)D. TIJUANA 1102

[1](#)E. CIUDAD JUAREZ 577

[1](#)F. MEXICO CITY 3042

[1](#)1. (SBU) SUMMARY: The Ambassador met with the governors of Baja California and Chihuahua, the mayors of Matamoros, Tijuana, and Ciudad Juarez, military and civil security force commanders, maquila managers, non-governmental organizations, community activists, drug clinic doctors, renewable energy pioneers, and wastewater plant engineers during visits to Matamoros September 24-25, Tijuana October 6-7, and Juarez October 7-10. He found an unsteady security situation, crowded border crossings, a hobbled economy, and civil society fighting intimidation by cartels. In the borderlands, most issues of the broader bilateral relationship are present in microcosm. While questions cloud the security situation, the regional economy will rebound as U.S. growth returns. END SUMMARY.

SECURITY: CORNER NOT TURNED

[1](#)2. (SBU) The borderlands are the flint face of a three thousand-mile trade route. Drug trafficking organizations (DTOs) land Colombian product in Lazaro Cardenas, strategize in Sinaloa, and earn revenue in Atlanta -- but spark conflict at the U.S.-Mexico border, gateway to the U.S. market and primary battleground. The 2009 death toll in Juarez surpassed the total for 2008 in September (twelve murders occurred in the first twenty-four hours of the Ambassador's visit). Joint Operation Chihuahua has not stopped cartel-on-cartel violence.

In Matamoros, the reactive stance of security forces suggests the sharing of best practice between areas of operation along the border is weaker than it should be (ref A). Reduced violence in Tijuana is a bright spot, but more needs to be done to assess and understand the causal relationships.

[1](#)3. (SBU) State and local government and police leaders defer to the military. Civilians generally are glad for the troop presence but, fearing crossfire, avoid their patrols. Joint civil-military patrols in Juarez have reduced DTO targeting of local police. There is recognition the military is filling a police role for which it is untrained and must transition to a support role over time. The army generates inadequate local intelligence and shares what it does find too slowly. The result too often is a force both blind to events and unfamiliar with the local landscape. In Chihuahua, the top human rights complaint is of raids conducted without search warrants. (The president of the Chihuahua Human Rights Commission noted, with some sympathy for the military, that the judges who grant warrants work atypically short schedules; until very recently no judge was on call to decide time-sensitive off-hours warrant requests.)

[1](#)4. (SBU) The conventional view of local and state police forces is

that they are corrupt, DTO-infiltrated, and vulnerable to coercion. Vetting programs are improving and seeing wider implementation. These usually include a mix of financial history, interviews with neighbors, toxicology, and polygraphs. After firing, early-retiring, or otherwise driving out 400 police in Tijuana (20% of the force) and 700 in Juarez (44%), political and security leaders are betting on expanded and vetted forces to improve local policing. They are cleaning house, but the question is whether they can hold the line afterward. In Tijuana, the retrained municipal police were deployed over 20 months, and there are signs of progress. In Juarez, the municipal force is on the street after just three months training, with no real mentoring from seasoned professionals. Under such circumstances, and despite attempts to recruit countrywide, we can predict that they will be just as tempted by narco-corruption as their predecessors. Meanwhile, the more-trusted federal police (SSP) have insufficient forces to sustain deployments everywhere at once, nor should they be made into a street patrol force. When DTO la Familia targeted police in Michoacan in July, a large SSP contingent had to withdraw from Juarez to reinforce garrisons to the south.

15. (SBU) On the legal side, military commanders and state attorneys general admit that, given SEDENA's lead role in fighting the DTOs and the lack of state and local jurisdiction for drug trafficking crimes, many arrests and seizures never lead to prosecutions. At its worst, the military contaminates crime scenes, conducts inadmissible interrogations, and illegally detains suspects, actions which either prevent cases from reaching trial or get cases thrown out by judges. In Chihuahua, jurisdictional discord between state and federal courts also sets suspects free. Federal judges grant injunctions staying multiple homicide charges referred by state prosecutors when evidence linking the homicides to organized crime

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is insufficient. This raises questions about the adequacy of Mexican law for prosecuting organized crime. Mexico does not have the equivalent of the RICO statutes or conspiracy laws (ref B). The governor of Baja California admits his state does not have jurisdiction over drug trafficking, but in Tijuana state and local government actively search for ways to leverage their competencies. Here, public prosecutors enter military bases to conduct interrogations, at least making the evidence admissible in the judicial system.

ECONOMY: VIBRANT NORTHERN STATES TAKE THEIR KNOCKS

16. (SBU) Border manufacturing, concentrated in export industries, hits economic peaks and troughs harder than the overall economy. This results in volatile production and has a direct negative impact on employment. The governor of Chihuahua commented that he had spent four years adding 100,000 jobs in the state, and then lost 80,000 jobs in the last twelve months. Though employment numbers in Chihuahua showed tentative recovery in the third quarter, the cumulative decline provides ready recruits for DTOs.

17. (U) The recession has hammered foreign direct investment (FDI) in the six Mexican border states. Economy Secretariat data show inflows of USD 1.6 billion in the first two quarters of 2009, about 50% of the 2008 and 46% of the 2007 figures. While the drop in employment and FDI is marked, it is cushioned somewhat by the cheap peso, which is attractive to companies considering investments (Ref C). FDI and local investment lost due to insecurity is more difficult to quantify. Anecdotally, multinationals may simply be factoring in security as one more cost of doing business. Both international managers and local business people in Juarez are overnighing in El Paso in increasing numbers, while in Matamoros the mayor reports relocations to San Antonio are up.

18. (U) Border denizens unanimously say southbound tourism at the frontier has slowed to a trickle. The governor of Baja California calculated Tijuana's annualized loss of U.S. tourist dollars at more than USD 1 billion. Retail sales on the Mexican side of the border have received a compensatory injection from Mexican consumers shopping at home, as the peso's loss of value has made dollar-denominated goods more expensive. The Federal Reserve Bank

of Dallas has recorded a corresponding fall off in sales in Texas border towns. Surprisingly, federal Tourism Secretariat (SECTUR) data indicate more U.S. tourists are crossing into Mexico at the border -- 2009 numbers through July are 19% higher than those for first-half 2008 and 31% higher than in first-half 2007. SECTUR contacts maintain border tourism is sustaining the otherwise battered tourism sector.

¶9. (U) The long term economic picture hinges on competitiveness. The 2001 recession vividly demonstrated that Mexico had lost the low labor cost contest with Asia in cities like Juarez, where maquila sector employment has never surpassed its turn-of-the-millennium peak. Since 2001, the maquilas have recovered by exiting sectors like textiles and moving upmarket. If the maquila industry was historically valued as a jobs program, new maquila job numbers over the last decade have lagged relative to output and productivity gains. Tijuana and Juarez business and political leaders claim their future is in areas like the biomedical and renewable energy industries. The border states continue to benefit from their location, long-standing trade relationships with the U.S., large, work-aged demographic, and resource richness (wind power, ref D). A recent study by the USAID-funded Mexican Institute for Competitiveness ranked all six states in Mexico's top ten on competition.

SOCIETIES UNDER STRESS

¶10. (SBU) The future is murky for children growing up in the drug maelstrom on the border; easy money and bad role models erode the already stressed family structure in border towns, where single working mothers have traditionally formed a large segment of the maquila workforce. The State of Baja California is building a network of Boys and Girls Clubs and Juarez NGOs also concentrate their efforts on children at risk. They are in competition with DTOs that target the same teenagers to refill ranks reduced by the turf wars. The DTOs even recruit in Juarez's NGO drug treatment centers. Drug use is on the rise in Mexico, up 30% since 2002. Treatment centers in Juarez and Tijuana are seeing more addicts. The recidivism rate at one of Juarez's better facilities is 75%. The full network of rehabilitation centers does not have sufficient capacity to treat the majority of the city's estimated 5,000 heroin addicts (ref E).

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¶11. (SBU) The border states are among the richest in Mexico, and their populations in the main do not qualify for baseline poverty programs such as Oportunidades, depriving them of a potential safety net. The states also have a young demographic profile -- population growth at the border has outpaced the Mexican average by 0.5% per year since 1990. In the face of this population pressure, the Border Environment Cooperation Commission has enabled a notable expansion of drinking water, wastewater, solid waste, and sewerage services along the border that contributes materially to well-being and deserves continued funding. Efforts such as these can help check the region's elevated rates of hepatitis and respiratory ailments.

¶12. (SBU) The Juarez political class, including the mayor, retreats across the border every night to El Paso, a fact not lost on the public. Politicians are not the only ones deciding to relocate to the north. Though the outflow is difficult to quantify, El Paso's robust real estate market is one sign people are leaving Juarez. An El Paso city councilman told the Wall Street Journal that the current flight is "the largest migration of wealthy Mexican nationals [to El Paso] since the Mexican Revolution." Border city and state governments are underequipped to combat the ills that have beset their communities. Political decentralization has come faster than administrative and financial decentralization in Mexico. State and local governments have limited capacity to fill their own coffers. In a rare revenue-raising example, the mayor of Tijuana appealed to residents to accept a tax hike, and combined the tax take with capital from the North American Development Bank to fund the paving of city streets. The initiative has fueled his

popularity -- and held the municipal government accountable to its residents in a manner central government cash grants to the city do not.

¶13. (SBU) COMMENT: The GOM has agreed to dispatch a joint USG-GOM evaluation team to Tijuana and Juarez to measure counternarcotics successes and failures, and assess requirements for complementary socioeconomic measures, within the four pillar framework of our beyond Merida strategy. The joint evaluation will support transfer of effective strategies across areas of operation. Based on discussions at the Alliance of Youth Movements summit in mid-October (ref F), Mission Mexico is assessing piloting the use of cell phone text messages to supplement anonymous tip lines in the same cities. The effectiveness of an SMS-based hotline is contingent, as with current phone hotlines, on citizen trust in the institutions that field the communication. While we cannot generate trust for the police in Matamoros, Tijuana, or Juarez, we should ensure more of our institutional capacity building efforts reach the state and local level.

¶14. (SBU) On economics, the recession has hurt the border economy, but commerce will recover. The region's future competitiveness requires that ports of entry, cross-border energy grids, and environmental infrastructure keep pace with growth. So, too a skilled labor force: if border industry is to continue the move into higher value added sectors, Mexico needs a better return on the 6.5% of GDP (high by OECD standards) it invests in education. Finally, the cross-border ties between the 13 million residents of border counties and municipalities are broader than any two-government dialogue. Our border consulates already leverage these long-standing community ties and can play a pivotal role in expanding partnerships with and between universities and civil society north and south. END COMMENT.

PASCUAL